

# AGENDA

## KANSAS RACING AND GAMING COMMISSION

9:00 a.m., Friday, November 7, 2008

### AUDITORIUM B

Dwight D. Eisenhower State Office Building

700 SW Harrison, Suite 450

Topeka, Kansas

#### A. CALL TO ORDER

#### B. APPROVAL OF THE AGENDA

#### C. APPROVAL OF MINUTES

1. Minutes of October 23, 2008

#### D. COMMISSION ITEMS

1. Kansas Greyhound Registry Compliance Audit for year ended December 31, 2007

*Commission Action:*                      *Commission review and discussion*

*Staff Presentation:*                      Charles LaBoy, Director of Audit and Electronic Security

*Staff Recommendation:*                  Staff recommends approval

- a. Staff Memo
- b. KRGC Compliance Audit Memo
- c. Statement of Financial Position
- d. Statement of Receipts and Disbursements

#### E. PUBLIC COMMENTS

#### F. STAFF REPORTS

1. Executive Director
2. Chief Gaming Officer
3. Assistant Attorneys General
4. Calendar review
  - a. Commission Meeting Calendar

#### G. EXECUTIVE SESSIONS

1. Attorney-client communication

#### H. OTHER MOTIONS

#### I. ADJOURNMENT

## KANSAS RACING AND GAMING COMMISSION

### MINUTES – October 13, 2008

CALL TO ORDER:  
(A.)

Chair Sader called the October 13, 2008, meeting to order at 9:07 am at 500 SW Van Buren, , Topeka, Kansas. Commissioners Sader, Braun, Falstad, McKechnie and Schwan were all present at the meeting. Others present included Executive Director Stephen Martino; Chief Gaming Officer Robert Krehbiel; Director of Racing Frances Snell; Assistant Attorneys General Patrick Martin and Teri Canfield-Eye; Director of Audit/Electronic Security Charles LaBoy; Director of Communications/Responsible Gaming Mike Deines; Director of Licensing Kit Bostrom; Director of Administration Don Cawby; Commission Recording Secretary Linda Pendarvis and other staff.

MOTION, APPROVE  
AGENDA:  
(B.)

Commissioner Falstad (Schwan) moved to approve the agenda as presented. Motion passed unanimously.

MOTION, APPROVE  
SEPTEMBER 8, 2008,  
MEETING MINUTES:  
(C.1.)

Commissioner Braun (McKechnie) moved to approve the minutes of the September 8, 2008, commission meeting as submitted. Motion passed unanimously.

MOTION, APPROVE  
SEPTEMBER 23, 2008,  
TELECONFERENCE  
MINUTES:  
(C.2.)

Commissioner Falstad (Schwan) moved to approve the minutes of the September 23, 2008, commission teleconference as submitted. Motion passed unanimously.

KHA REQUEST FOR  
REIMBURSEMENT OF  
EXPENSES:  
(D.1.)

The commission heard Neysa Thomas, Chief Fiscal Officer, present the Kansas Horsemen's Association (KHA) request for reimbursement from the Kansas Bred Program for expenses for the month of July 2008.

MOTION, APPROVE KHA  
REQUEST FOR  
REIMBURSEMENT OF  
EXPENSES:  
(D.1.)

Commissioner Falstad (McKechnie) moved to approve the KHA request for reimbursement from the Kansas Bred Program for July 2008 contingent upon availability of funds. Motion passed unanimously.

CERTIFICATION OF  
ELECTION RESULTS FOR  
RECOGNIZED  
HORSEMEN'S GROUPS:  
(D.2.b. and c.)

The commission heard Donna Coulter, Licensing Manager, summarize the results of the election of the Recognized Horsemen's Groups for The Woodlands and Eureka Downs.

MOTION, APPROVE  
ELECTION RESULTS FOR  
RECOGNIZED  
HORSEMEN'S GROUPS:  
(D.2.b. and c.)

Commissioner McKechnie (Braun) moved to certify the election results for the Recognized Horsemen's Groups as follows:

The Woodlands:

- Jeffrey T. Rutland
- R. Shane Stout
- Robert E. Partridge
- Rolland Jordan
- Kelly Clark

Eureka Downs:

- Renee L. Jones
- Jaime Melson
- Jan Osborn
- Joe Thomas
- Steve Jones

Motion passed unanimously.

CALL FOR PUBLIC  
COMMENTS:  
(E.)

Chair Sader called for public comments. Those addressing the group were:

- D. Bryce Peckham, DVM
- Doug Lawrence, Kansas Greyhound Association
- Julie Menghini, Representative Third District

STAFF REPORT,  
MARTINO:  
(F.1.)

The commission heard a staff report from Mr. Martino.

STAFF REPORT,  
KREHBIEL:  
(F.2.)

The commission heard a staff report from Mr. Krehbiel.

STAFF REPORT,  
ASSISTANT ATTORNEYS  
GENERAL:  
(F.3.)

The commission heard a staff report from Mr. Martin.

STAFF REPORT, CAWBY:  
(F.4.)

Mr. Cawby had no staff report.

MOTION, EXECUTIVE  
SESSION:  
(G.1.)

Commissioner McKechnie (Braun) moved that the commission go into a 30-minute executive session from 9:50 am to 10:20 am for the purpose of attorney-client communication. Those included in the executive session were the commission, Mr. Martino, Mr. Krehbiel, Mr. Martin, and Ms. Canfield-Eye. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting

is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 10:20 am with all members present as previously noted.

REOPEN PUBLIC  
COMMENTS:  
(E.)

It was determined that the public comments section would be reopened in order to hear comments from individuals who arrived after the previous public comments session had ended. Those addressing the group were:

- Gary Stwalley, president Kansas Quarter Horse Racing Association
- David Assmann, president Kansas Thoroughbred Association
- Jerry Johnson, member Kansas Thoroughbred Association

ADJOURN:

Commissioner Schwan (Braun) moved to adjourn at 10:30 am. Motion passed unanimously.

SUBMITTED BY:

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William Falstad  
Secretary

APPROVED BY:

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Carol H. Sader  
Chair

***Kansas Racing and Gaming Commission***

**STAFF AGENDA MEMORANDUM**

**DATE OF MEETING:** November 7, 2008

**AGENDA ITEM:** Presentation of KRGC compliance audit of Kansas Greyhound Registry ("KGR") for the year ended December 31, 2007.

**PRESENTER:** Charles LaBoy, Director of Audit and Electronic Security, KRGC

**ISSUE SUMMARY:** Commission staff conducted a compliance audit of the KGR for 2007.

**COMMISSION ACTION REQUIRED/REQUESTED:** Commission review and discussion of report and financial statements.

**STAFF RECOMMENDATIONS:** Staff recommends the report and related financial statements be approved, as presented, by the Commission.

# Memo

**To:** Stephen L. Martino, Executive Director, KRGC  
**From:** Charles LaBoy, Director of Audit and Electronic Security, KRGC *CL*  
**Date:** October 23, 2008  
**Re:** Compliance audit of Kansas Greyhound Registry

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We have performed a compliance audit of the Kansas Greyhound Registry (KGR) operations for the year ended December 31, 2007. This compliance audit is substantially less in scope than an audit of financial statements in accordance with Statement on Auditing Standards as promulgated by the auditing standards board of the AICPA. KRGC is not independent with respect to the Kansas Greyhound Registry.

The Kansas Greyhound Association (KGA) contracts with the KRGC to serve as the official greyhound registering agency in accordance with K.S.A. 74-8832 (b).

The KGA operates the KGR out of its office located in Abilene, Kansas and is serviced by the KGR Director, Mrs. Rhonda Dewey. The KGA/KGR office hours are Tuesday and Thursday 8:00 a.m. to 12:00 p.m.

We have prepared the attached Statement of Financial Position and Statement of Receipts and Disbursements for the KGR for the year ended December 31, 2007.

## Statement of Financial Position

The Statement of Financial Position reflects an increase of cash and equity during the year ended December 31, 2007. The cause for the increase in cash and equity results principally from the excess of receipts over disbursements shown on the Statement of Receipts and Disbursements for the year. The certificate of deposit is in the names of the KGR and the KRGC and requires signatures from both parties for redemption.

Office equipment with acquisition costs of over \$24,000 is fully depreciated, however, it should be noted that the assets of the KGR are the property of the KRGC and are collectable in the event of the cancellation or non-renewal of the KGR contract.

The restitution listed in other assets is a result of embezzlement of a past KGR director. Some collections of this restitution amount were noted during 2007.

## Statement of Receipts and Disbursements

The KGR had an excess of receipts over disbursements in 2007 of approximately \$7,600. In 2006, the Registry operated at near breakeven.

Expenses (disbursements) declined in 2007 by approximately \$900 from 2006 levels.

### Findings

We noted a significant lack of segregation of duties because Ms. Dewey is the only employee of KGR and, consequently, she performs virtually all the recordkeeping and reconciliation processes that underlie the financial and other data we audited. This is typical in an organization of this size and is usually mitigated by oversight performed by others in a position to review her work. We noted no such review or oversight being rendered by other non-employees at the KGR.

The contract between the KRGC and the KGA calls for an allocation of expenses between the KGA and the KGR due to the fact that both entities share the same office and staff. We noted that no payments of allocated expenses were made for 2007 expenses and we have proposed that \$186 of KGR expense be reimbursed by KGA. If approved by the board of the KGA, this reimbursement will likely occur in 2008.

We did note a reimbursement by KGA in 2007 of KGR expenses incurred during several previous years in the amount of \$3,616. This amount was agreed to by the board after our previous audit was completed and a proposed reimbursement was suggested by KRGC audit staff.

**KANSAS GREYHOUND REGISTRY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007 AND 2006**

	DECEMBER 31, 2007	DECEMBER 31, 2006
<b>ASSETS</b>		
Cash-FNB	11,380.23	3,099.60
Accounts Receivable	0.00	-3,887.62
 Certificate of Deposit	18,600.88	18,600.88
Office Equip.	24,570.65	24,570.65
Office Equip-A/D	-24,570.65	-23,690.12
A/R- Liz Burwell	8,997.66	9,902.16
Undeposited Funds	180.00	0.00
 Total Assets	<u><u>39,158.77</u></u>	<u><u>28,595.55</u></u>
 <b>LIABILITIES &amp; EQUITY</b>		
Unearned Revenues	3,450.62	-20.00
 Payroll liabilities	2,097.66	1,732.54
 Total Liabilities	<u><u>5,548.28</u></u>	<u><u>1,712.54</u></u>
 Fund Balance	25,992.48	26,224.39
Opening Bal. Equity	0.00	-7.00
Net Income-Current Yr	7,618.01	665.62
 Total Equity	<u><u>33,610.49</u></u>	<u><u>26,883.01</u></u>
	<u><u>39,158.77</u></u>	<u><u>28,595.55</u></u>



KANSAS GREYHOUND REGISTRY  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

FOR THE YEARS ENDED

	DECEMBER 31, 2007	DECEMBER 31, 2006
RECEIPTS		
FEES-MEMBERSHIP	2,400.00	1,860.00
FEES-BREEDING REPORTS	7,380.00	4,560.00
FEES-BREEDING PENALTIES	275.00	125.00
FEES-WHELP REPORT	6,130.00	3,710.00
FEES-WHELP PENALTY	75.00	100.00
INDIVIDUAL REGISTRATION	11,830.00	11,710.00
INTEREST INCOME	73.33	43.75
MISC INCOME	24.88	0.00
	<u>28,188.21</u>	<u>22,108.75</u>
DISBURSEMENTS		
INSURANCE-OFFICE	1,060.00	611.00
OFFICE EXPENSES	1,494.67	293.03
POSTAGE	1,165.87	903.44
TAX PREPARATION	575.00	575.00
INSPECTION SERVICE	2,023.86	6,646.27
RENT	1,900.00	2,400.00
SERVICE CHARGES	40.20	49.70
UTILITIES	600.00	600.00
TELEPHONE	1,260.58	757.19
TAXES-PAYROLL	600.02	702.50
TAXES	40.00	40.00
PAYROLL	9,810.00	7,865.00
	<u>20,570.20</u>	<u>21,443.13</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>7,618.01</u>	<u>665.62</u>

# October 2008 - September 2009

## Commission Planner

Oct 2008						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Nov 2008						
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23	24	25	26	27	28	29
30						

Dec 2008						
S	M	T	W	T	F	S
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Jan 2009						
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Feb 2009						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
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22	23	24	25	26	27	28

Mar 2009						
S	M	T	W	T	F	S
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

### NOVEMBER

7 Commission Meeting @ ESOB

### DECEMBER

3 Commission Meeting @ Downtown Ramada Inn

4 Commission Meeting @ Downtown Ramada Inn

5 Commission Meeting @ Downtown Ramada Inn

Apr 2009						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
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19	20	21	22	23	24	25
26	27	28	29	30		

May 2009						
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10	11	12	13	14	15	16
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24	25	26	27	28	29	30
31						

Jun 2009						
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21	22	23	24	25	26	27
28	29	30				

Jul 2009						
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19	20	21	22	23	24	25
26	27	28	29	30	31	

Aug 2009						
S	M	T	W	T	F	S
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Sep 2009						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			